

NATURAL RESOURCES CODE  
CHAPTER 102. POOLING  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 102.001. TITLE. This chapter may be cited as the Mineral Interest Pooling Act.  
Acts 1977, 65th Leg., p. 2570, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.002. DEFINITIONS. In this chapter:

(1) "Mineral" means and is limited to oil and gas.  
(2) "Commission" means the Railroad Commission of Texas.  
Acts 1977, 65th Leg., p. 2570, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.003. APPLICATION TO CERTAIN RESERVOIRS. The provisions of this chapter do not apply to any reservoir discovered and produced before March 8, 1961.  
Acts 1977, 65th Leg., p. 2571, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.004. APPLICATION TO PUBLIC LAND. (a) The provisions of this chapter do not apply to land owned by the State of Texas nor to land in which the State of Texas has an interest directly or indirectly.

(b) The provisions of this chapter do not amend, repeal, change, alter, or affect in any manner the authority or jurisdiction of the Commissioner of the General Land Office or the State of Texas with respect to any land or interest in land in which the Commissioner of the General Land Office has jurisdiction.

(c) The provisions of this chapter do not amend, repeal, change, alter, or affect in any manner the authority, jurisdiction, or consent of the Commissioner of the General Land Office on the pooling of any interest now subject to the jurisdiction, authority, or consent of the Commissioner of the General Land Office.

(d) With the approval or consent first obtained, or at the instance of the Commissioner of the General Land Office, or any board or agency having jurisdiction, the land in which the State of Texas has an interest as described in this chapter may be pooled under the provisions of this chapter.  
Acts 1977, 65th Leg., p. 2571, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

SUBCHAPTER B. REQUIREMENTS AND PROCEDURE FOR POOLING

Sec. 102.011. AUTHORITY OF COMMISSION. When two or more separately owned tracts of land are embraced in a common reservoir of oil or gas for which the commission has established the size and shape of proration units, whether by temporary or permanent field rules, and where there are separately owned interests in oil and gas within an existing or proposed proration unit in the common reservoir and the owners have not agreed to pool their interests, and where at least one of the owners of the right to drill has drilled or has proposed to drill a well on the existing or proposed proration unit to the common reservoir, the commission, on the application of an owner specified in Section 102.012 of this code and for the purpose of avoiding the drilling of unnecessary wells, protecting correlative rights, or preventing waste, shall establish a unit and pool all of the interests in the unit within an area containing the approximate acreage of the proration unit, which unit shall in no event exceed 160 acres for an oil well or 640 acres for a gas well plus 10 percent tolerance.  
Acts 1977, 65th Leg., p. 2571, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.012. OWNERS AUTHORIZED TO APPLY FOR POOLING. The following interested owners may apply to the commission for the pooling of mineral interests:

(1) the owner of any interest in oil and gas in an existing proration unit or with respect to a proposed unit;  
(2) the owner of any working interest; or  
(3) any owner of an unleased tract other than a royalty owner.

Acts 1977, 65th Leg., p. 2571, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.013. REQUIRED VOLUNTARY POOLING OFFER. (a) The applicant shall set forth in detail the nature of voluntary pooling offers made to the owners of the other interests in the proposed unit.

(b) The commission shall dismiss the application if it finds that a fair and reasonable offer to pool voluntarily has not been

made by the applicant.

(c) An offer by an owner of a royalty or any other interest in oil or gas within an existing proration unit to share on the same yardstick basis as the other owners within the existing proration unit are then sharing shall be considered a fair and reasonable offer.

Acts 1977, 65th Leg., p. 2572, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.014. PRODUCTIVE ACREAGE EQUAL TO STANDARD PRORATION UNIT. (a) The commission shall not require the owner of a mineral interest, the productive acreage of which is equal to or in excess of the standard proration unit for the reservoir, to pool his interest with others unless requested by the holder of an adjoining mineral interest, the productive acreage of which is smaller than such pattern, who has not been provided a reasonable opportunity to pool voluntarily.

(b) If the conditions specified in Subsection (a) of this section exist, the commission shall pool the smaller tract with adjacent acreage on a fair and reasonable basis and may authorize a larger allowable for the unit if it exceeds the size of the standard proration unit for the reservoir.

Acts 1977, 65th Leg., p. 2572, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.015. PROHIBITED PROVISIONS IN OPERATING AGREEMENT. A pooling agreement, offer to pool, or pooling order is not considered fair and reasonable if it provides for an operating agreement containing any of the following provisions:

(1) preferential right of the operator to purchase mineral interests in the unit;

(2) a call on or option to purchase production from the unit;

(3) operating charges that include any part of district or central office expense other than reasonable overhead charges; or

(4) prohibition against nonoperators questioning the operation of the unit.

Acts 1977, 65th Leg., p. 2572, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.016. NOTICE OF HEARING. On the filing of an application for pooling of interests into a unit under the provisions of this chapter, at least 30 days notice before hearing on the application shall be given to all interested parties, including notice by publication if there are unknown owners or owners whose whereabouts are unknown. The notice shall be given in the manner and form prescribed by the commission.

Acts 1977, 65th Leg., p. 2572, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.017. POOLING ORDER. (a) After notice and hearing, all orders effecting the pooling shall be made on terms and conditions that are fair and reasonable and will afford the owner or owners of each tract or interest in the unit the opportunity to produce or receive his fair share.

(b) Each order shall:

(1) describe the land included in the unit, identifying the reservoir to which it applies;

(2) designate the location of the well; and

(3) appoint an operator for the unit.

Acts 1977, 65th Leg., p. 2572, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.018. ACREAGE SUBJECT TO POOLING. The commission shall pool only the acreage which at the time of its order reasonably appears to lie within the productive limits of the reservoir.

Acts 1977, 65th Leg., p. 2573, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

#### SUBCHAPTER C. RIGHTS IN A POOLED UNIT

Sec. 102.051. OWNERSHIP OF PRODUCTION. (a) For the purpose of determining the portions of production owned by the persons owning interests in the pooled unit, the production shall be allocated to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres included in the entire unit.

(b) Notwithstanding the provisions in Subsection (a) of this section, if the commission finds that allocation on a

surface-acreage basis does not allocate to each tract its fair share, the commission shall allocate the production so that each tract will receive its fair share, which for any nonconsenting owner shall be no less than he would receive under a surface-acreage allocation.

Acts 1977, 65th Leg., p. 2573, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.052. DRILLING AND COMPLETION COSTS. (a) As to an owner who elects not to pay his proportionate share of the drilling and completion costs in advance, the commission shall make provision in the pooling order for reimbursement solely out of production, to the parties advancing the costs, of all actual and reasonable drilling, completion, and operating costs plus a charge for risk not to exceed 100 percent of the drilling and completion costs.

(b) If there is a dispute relative to the costs, the commission shall determine the proper costs and their allocation among working interest owners after due notice to interested parties and a hearing on the costs.

Acts 1977, 65th Leg., p. 2573, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.053. EFFECT OF OPERATIONS. (a) The operations on and production from any portion of a unit for which a pooling order has been entered shall be considered for all purposes the conduct of the operations on and production from each separately owned tract in the pooled unit. If a gas well on a pooled unit is shut-in, it shall be considered that the shut-in gas well is on each separately owned tract in the pooled unit.

(b) If only part of a tract is included in the unit, operations on, production from, or a shut-in gas well on the unit shall maintain an oil and gas lease on the tract as to the part excluded from the unit only if the lease would be maintained had the unit been created voluntarily under the provisions of the lease.

Acts 1977, 65th Leg., p. 2573, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

#### SUBCHAPTER D. DISSOLUTION OF UNIT

Sec. 102.081. DISSOLVED WITH CONSENT OF OWNERS. A unit established by order of the commission under this chapter may not be modified or dissolved subsequently without the consent of all mineral owners affected, except as necessary to permit its enlargement as provided in Subchapter B of this chapter.

Acts 1977, 65th Leg., p. 2573, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.082. AUTOMATIC DISSOLUTION. A unit is automatically dissolved:

(1) one year after its effective date if no production or drilling operations have been had on the unit;

(2) six months after the completion of a dry hole on the unit; or

(3) six months after cessation of production from the unit.

Acts 1977, 65th Leg., p. 2574, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.083. TERMINATION OF POOLED LEASE. On termination of a lease pooled by order of the commission under authority granted by this chapter, interests covered by the lease are considered pooled as unleased mineral interests.

Acts 1977, 65th Leg., p. 2574, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

#### SUBCHAPTER E. JUDICIAL REVIEW

Sec. 102.111. RIGHT TO APPEAL. A person affected by an order of the commission adopted under the authority of this chapter is entitled to judicial review of that order in a manner other than by trial de novo.

Acts 1977, 65th Leg., p. 2574, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 102.112. VENUE. Appeal shall be to the district court of the county in which the land or any part of the land covered by the order is located and not elsewhere, notwithstanding the provisions of Sections 85.241 through 85.243 of this code.

Acts 1977, 65th Leg., p. 2574, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.